

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 534 – HB 745

March 15, 2011

SUMMARY OF BILL: Increases, from \$24,000 to \$26,500, the general law annual income cap for elderly, low-income, or disabled homeowners eligible for property tax relief beginning with the 2011 tax year. General law authorizes, and under this bill would continue to authorize, a higher income cap to be set in the general appropriations act. The income cap set in the general appropriations act for tax year 2011 is \$26,830.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - \$151,800

Decrease Local Expenditures – Exceeds \$100,000/Permissive

Assumptions:

- According to the Comptroller of the Treasury, the income limit for 2011 is \$26,830. An estimated 88,902 homeowners are eligible for property tax relief with an average payment per recipient of \$190.24 in 2011. The total cost to the state in 2011 is estimated to be \$16,912,716 (88,902 x \$190.24).
- The income cap for tax year 2012 set in the general appropriations act will not exceed the new general law cap of \$26,500.
- According to the Comptroller, reducing the property tax relief limit to \$26,500 in 2012 will reduce the number of eligible homeowners to approximately 88,104 in 2012 resulting in total state property tax relief payments of \$16,760,905 (88,104 x \$190.24) and a decrease in state expenditures of \$151,811 (\$16,912,716 - \$16,760,905).
- Local governments may decrease the income levels for the local property tax freeze program to reflect state income levels, resulting in a permissive decrease in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/jdb